

**MINUTES OF THE JOINT CHESHIRE TOWN COUNCIL AND BUDGET COMMITTEE
MEETING HELD ON TUESDAY, APRIL 24, 2018 AT 6:30 P.M. IN TOWN HALL,
ROOM 207-209, 84 SOUTH MAIN STREET, CHESHIRE CT 06410.**

Present

Budget Committee Members: Timothy Slocum, Chairman; Sylvia Nichols and Jeffrey Falk. Robert J. Oris, Jr. Council Chairman; Paul A. Bowman, Vice-Chairman; Patti Flynn-Harris, Thomas Ruocco, Peter Talbot, David Veleber.

Staff: Michael A. Milone, Town Manager; James Jaskot, Finance Director; Arnett Talbot, Assistant Town Manager; Gina DeFilio, Deputy Finance Director.

Dept. of Education – Supt. Of Schools Jeff Solan; COO Vincent Masciana

1. ROLL CALL

The clerk called the roll and a quorum was determined to be present.

2. PLEDGE OF ALLEGIANCE

The group Pledged Allegiance to the Flag.

**3. DISCUSSION RE: PROPOSED FISCAL YEAR 2018-2019
OPERATING BUDGET.**

Town Manager Milone distributed a handout dated 4/24/18 containing a summary of everything the Town Council supported at the last meeting. Two items do not have numbers. Mr. Milone was asked to come up with Town cuts totaling \$45,055, and take another \$100,000 from the Medical Benefits Trust Fund. The total reduction in expenditures is \$1,227,529, distributed with BOE at \$655,155, and Town at \$512,374. Revenue adjustment is \$326,000; total budget adjustments of \$1,553,529 as of 4/20/18.

Page 3 Mill Rate Comparison – this page shows the variation of reductions in mill rate. Based on \$1,553,529, the new mill rate would be 32.62 mills. The average taxpayer will pay taxes of \$7,603, which is an increase of \$159 in taxes, 2.14%.

Page 4 Various Town Cuts – Mr. Milone reviewed the cuts for the \$45,055 adjustments.

Page 5 CCM Memo from George Rafael – Mr. Milone read an excerpt from this memo into the record.

Page 6 ECS Estimates (original data) – Mr. Milone reviewed the ECS funding data for Cheshire. FY 19 Adopted State budget - \$9,320,096; Governor's Budget - \$8,248,004. Revised Data ECS Estimates (Republicans and Democrats) - \$9,343,892; value of the ECS increase is \$1,095,888.

Page 7 Impact of potential ECS sharing increase – This page illustrates the impact of using the increase and potential options. Based on the 32.62 proposed mill rate and tax increase of \$159, utilizing 100% of these funds would reduce the mill rate by 0.4006 mills, a \$93.26 tax reduction to the average taxpayer; 75% utilization reduces the mill rate by 0.3005, and results in \$69.95 tax reduction; 50% utilization reduces the mill rate

by 0.2003, and results in \$46.63 tax reduction; 25% utilization reduces the mill rate by 0.1002, and results in \$23.32 tax reduction. Mr. Milone stated that this revenue awaits approval by the State Legislature. In past years the 11th hour changes have come after the Town adopted a budget. He explained the ECS funding, \$9,343,892, was to remain constant for two years. The Governor realized the State did not have the money, and carried the reduction to \$8,255,619 into 2019 budget. The Legislature went back, ran the numbers, and stated Cheshire should be receiving \$9,343,892, the original intent of the biennial budget. The Legislature must get to an agreement on this number. Nothing has been adopted yet.

Mr. Slocum stated this is new money in a way, not recognized in the Town Manager's proposed budget.

It was stated by Mr. Oris that every dollar the State wants to give the Town is speculative at this point...there is nothing fully adopted.

Whether all or part of this revenue is used is a Council decision. Mr. Milone said there can be utilization of some of the money, and if the funding is reduced, the Town must have a safety net in the operating budget, i.e. have +\$600,000 taxes with an increased collection rate.

Concerns were raised by Mr. Oris about using this money; it could be used to offset a one-time revenue/expenditure issue in the operating expenses. He noted that Councilor Talbot has suggested using this money for one time options which could be offset if this revenue does not materialize. This is ECS money, and Mr. Oris said if any is used, some funding should be applied to the BOE side of the budget.

Mr. Talbot agreed with these comments, and said it is risky to use this money. He summarized his e-mail recommendations on use of the money on things which could be pulled back. Mr. Talbot stated his suggestions.

- Do not use the \$1M from Fund Balance towards the budget; pull it back to \$800,000; and use \$200,000 of the potential revenue.
- Take the \$150,000 from debt service reserve and return it to year #4 to continue smoothing.
- Budget \$300,000 for bulky waste pickup in the Fall (this can be pulled back).
- Take \$400,000 to under-fund revenue expectation; do not bank; take off the revenue; if it comes through it's a bonus; if not, the Town is not harmed.
- This is not utilizing this revenue to offset the mill rate.

If this money is not received and \$800,000 is budgeted in fund balance, Mr. Milone said the worst that happens is going back up to the \$1M originally put in the budget. \$150,000 is taken out of debt service that could be appropriated for next year (\$50,000). Bulky waste pickup is on hold until the money is realized from the State, and if not realized it does not get spent, so there is no expenditure to be covered. There are two

things that would be covered (that are already covered)...one from debt service and one from fund balance. The third would be a deferred expenditure, only to be executed if the money comes from the State. If the Town gets the full amount there would be \$400,000 additional dollars (not appropriated).

Mr. Oris stated this covers our down side, but does not address use of these funds for the BOE, and he has an issue with that. If we are looking at these funds as a windfall, he does not want to spend it in the operating budget. Some money should be set aside with some money to the BOE to free up some things.

It was pointed out by Mr. Milone that the Town side found \$326,000 in savings. With the distribution the Town absorbs 43.15% of the cut and BOE 56.49%. He has concerns about the medical benefits account, and a little replenishment would help.

Mr. Bowman is inclined not to count on this money for anything.

According to Mr. Talbot the proposal is counting the money for things which can be pulled back, if the money is not received.

It was stated by Mr. Oris that he would like to restore bulky waste pickup, and this could be one of the last add-ons because of dealing with other budgetary issues. The proposal cited by Mr. Talbot protects the Town against not getting the money.

Mr. Slocum and Mr. Bowman do not support utilization of these State funds.

The ECS funding is received in installments, and Mr. Milone said it can be two or three installments.

It is uncertain if this money will come through, and Mr. Bowman commented on giving false hope to people for bulky waste collection or other use of these funds. He expressed concern about not cutting the BOE budget too much.

Mr. Slocum talked about \$300,000 not going to bulky waste but going to the BOE.

Regarding the bulky waste collection program, Mr. Oris said the funding can always be allocated if the extra money is there.

Ms. Talbot said this program could be held in the spring, giving extra time to consider an allocation.

The Council discussed allocation of the possible State funds, and Mr. Milone explained an allocation over \$500,000 must go to referendum. Once the budget is adopted, there can be contracts signed for the next fiscal year with encumbrance of the numbers in the FY 18-19 fiscal year.

Mr. Bowman has no problem with categorization, but would like to discuss priority of items from a cash flow perspective on what would be paid first. He does not want the education system hurt at the end.

It was noted by Mr. Oris that the Town could get from \$0 to \$1.1M, and it should be broken out in percentages for the Town and BOE. To make specific decisions on the Town side and put the balance into fund balance, without a commitment to return some money to the BOE to restore some things, would not be appropriate.

If the projected surplus holds at \$1.430M, Mr. Milone said the Town must have \$1M to cover the amount taken from fund balance this year. The Council can take this surplus and appropriate it for bulky waste, and decide at the end of the year to use the money for this program. If the surplus holds, the bulky waste collection could take place in Fall 2018. The contract is \$160,000 to \$170,000, and the unknown is the amount of tonnage. Once the budget is adopted, contracts can be signed for the next fiscal year.

Mr. Talbot stated this is the better way to do this...budget the money now, let it sit in the budget, and it can be pulled back, if necessary.

This can be sliced many ways, and Mr. Oris said the Town cannot rely on the \$1M to reduce the operating budget for the Town and BOE. When the money is received, the percentages can be determined, with the BOE included in discussions. He said this money would not be used for ongoing, annualized expenses.

Supt. Solan commented on the challenge to the BOE because it is so labor intensive. If the money is allocated in the Fall it could influence staffing...a one year position. If BOE has to wait until mid-year for the funding, it is too late to hire staff. For two consecutive years the BOE has had a mid-year freeze, and \$200,000 additional revenue could unfreeze some things, even mid-year adjustments.

Based on what has been said, Mr. Talbot talked about proposing \$600,000, giving \$100,000 back to the Town's medical benefits trust fund, give BOE \$200,000, and still be able to under budget the \$188,000 for bulky waste program.

Chairman Oris stated the Council cannot get to a lower mill rate without affecting services. He is comfortable where the budget is right now. The Town and BOE administration must take money and figure out how to make things work. The ECS money is found money; we cannot count on it; and when the money is received it can be determined where it goes.

On the screen, Mr. Milone pointed out the BOE number as \$465,155. If the \$1M from the State does not materialize, Mr. Milone said the risk is \$300,000...being covered by going back into fund balance to cover the two shortages, if they materialize.

Mr. Slocum noted that the Council is not using all of the \$1.1M ECS money, and there is no going to referendum to change the budget.

The other question is whether the Council wants to allocate some of the \$1M State money knowing it will not be spent, or reallocate with the fund balance and debt service of \$150,000.

The issue of using the \$75,000 savings from the automated trash program was discussed. Ms. Flynn-Harris and Ms. Nichols were comfortable using \$50,000.

Regarding the automated trash collection savings, Mr. Oris is comfortable using some number, and it is between \$0 and \$75,000. He supports \$50,000.

Human Service Positions (3) – The Council discussed the increased work hours for these positions; two (2) in the Human Services Department for additional counseling hours in light of the ongoing opioid issue and school safety; and one (1) Social Worker at the Senior Center due to the increase in senior population and service needs at the Center. Following a brief discussion, the Council agreed to approve the increase in hours for these positions.

\$75,000 Trash Collection Savings – If there is a delay in this program, Mr. Milone said the savings could be lower, \$65,000. The vendor has been very cooperative and wants to make the program work. He said we start with a higher base, \$1.40M, (\$100,000 higher) and he is uncertain a vendor will come in and bid lower than the existing bid. The current vendor has agreed to hold three (3) years of the contract constant, and another company may not do this. Another concern is the volatility of the recycling market, and in a year the Town would have to start paying for recycling disposal.

Mr. Veleber did state he is not comfortable using this savings, would take out the Media Coordinator position, and find money elsewhere.

Chairman Oris is 100% with the program, but is not ready to sign off on a change-over and needs more time. Given the potential State revenue scenario, we are only dealing with a \$75,000 hole, and there are places to come up with money to fill this hole. Mr. Oris is not ready to sign the contract at this time.

According to Mr. Veleber there could be a detriment to taxpayers with the automated collection, such as being limited to one container, and a \$200 charge for a second container which people consider a re-tax. The biggest issue is a homeowner's cleanup and not being able to put out additional trash bags.

Electronic Media Coordinator– The Council reviewed this position, which was considered during budget discussions as a part-time employee at \$40,000. There are concerns about the “web site”, where the Town is with the web site, and the Coordinator would build up the web site.

Town of Cheshire Web Site – Ms. Talbot talked about how the web site needs to be completed, pages need to be created and built up, links need to be built and identified, and cited the important of content. Apex Technology assisted in finding a consultant at \$25,000 to perform some of this time intensive work. \$800 has been spent to date. She said it is important to find someone to perform this work, and once the web site is built it must be monitored.

This is a new position and Chairman Oris said he struggles with new hires, when it's possible to do this work on an outside basis. He believes the new Town Manager should weigh in on new hires and new positions.

Handout 4/24/18 page 15 – The Electronic Media Coordinator position review.

Ms. Talbot reviewed the information. The net cost of the part-time position is \$13,000 when considering the consultant cost of \$25,000. There is a need for centralized and integrated administration and management of all electronic media, and Ms. Talbot cited the tasks involved and technology skill set/experience for a Media Coordinator. The person would create an interaction and work with staff and Ms. Talbot. Once the web site is built it requires ongoing management.

Pages 8-10 Personnel Staffing Summary – Mr. Milone reviewed the staffing analysis, noting the Town is down 10 FTEs in 10 years, and down 14 staff positions. In FY 2019 the Town had 215.8 FTEs; this is now down to 205.16 FTEs; in 2009 there were 274 staff positions; in 2018 there are 260 staff positions.

The Councilors talked about having the media consultant as an outside person, not a Town employee, and the need to support other budget objectives. The consultant could be in place for a year, and then be considered for employment after that time period.

Ms. Talbot noted the Town can find a contractual person to do this work, but the concern is consistency with an in-house employee, who is part of the team and organization. The Town does have a six-month probationary period for all new employees.

It was stated by Ms. Nichols that there is always more consistency with a person committed to the Town, and the consultant could develop into a full time staff member. She said it is important to have this position, and understands concerns about starting and maintaining the position. Ms. Nichols does not want the position to go away.

Mr. Talbot commented on having someone who is accountable, on the payroll, and with a vested interest in a position that is sensitive and critical.

Mr. Oris does not want to commit long term, run into problems, and then have someone laid off from the job.

Stating he has been a proponent of the Media Coordinator position, Mr. Bowman said a contract with a consultant is okay, with the long term goal of finding the right person for the job. He would support starting on a contractual/trial basis, filling the position if someone retires or leaves Town employment.

Ms. Flynn-Harris and Mr. Talbot support having a Town employee in the Media Coordinator position.

Mr. Falk supports the position with a dedicated employee, which will help the Town, economic development, building permits, payment of taxes, and expansion of on-line services.

Mr. Ruocco does not support the position, said it is a “make work” position, and supports leaving the \$25,000 for a consultant to monitor and to build up the web site.

Mr. Veleber does not support hiring someone for the position.

Mr. Oris stated his support of public safety and counseling services, and being cautious about adding other positions. He does not want to make a long term commitment for a new employee, with possible future layoff.

Ms. Nichols does not want this position taken out of the budget based on semantics, and she would support it with a consultant, but prefers to have it as a Town position. She said she understands concerns hiring a person and maintaining the position...but does not want it to go away.

Mr. Bowman stated his support in spending money to advance the work that must be done for the web site.

With regard to Mr. Ruocco’s comment about the position being a “make work” position, Ms. Talbot advised that much of the technology work is not getting done right now. What is being done is not to the best it could be due to lack of time, technology expertise and skill set.

Ms. Talbot asked about keeping the \$40,000 in the budget, and waiting for the new Town Manager to evaluate the situation and make a decision.

Chairman Oris stated the majority of the Council (7-2) agreed to keep the \$40,000 in the budget, with the majority favoring an outside contractor/consultant.

The Council was told by Mr. Milone that with a new Town Manager and the transition process, Ms. Talbot’s time will be devoted to this task. There will be less time for her to spend on technology and the web site. The new Town Manager may ramp up technology and invest time and quality into what the Town puts out on the web site.

Mr. Milone summarized the following:

- \$300,000 to be used of the ECS funding; revenue is increased by \$300,000.
- Education expenses reduced by \$200,000 down to \$465,155;
- Town Medical trust fund will have \$100,000 restored;
- \$50,000 restored to year #4 of the debt service smoothing;
- \$200,000 goes back to the fund balance;
- Roll back general fund usage to \$800,000 from \$1M;
- Mill Rate – 32.62 mills; \$159 tax increase, 2.14% for average taxpayer.
- This leaves \$550,000 which can be allocated after the budget is established without referendum.

Mr. Veleber stated he is still thinking about the proposed budget.

Mr. Ruocco does not support the proposed budget, except for the CPD School Resource Officer position. He would propose an arbitrary reduction for the Town and BOE; bulky waste is still on the table; and he commented on how hard everyone works on the budget each year.

The Council supported the proposed budget by 7-2.

Upcoming Meetings

Monday, April 30, 2018 – Budget Committee/Town Council meeting, 6:30 p.m. in Council Chambers; followed by the Special Town Council Meeting t 7:00 p.m.

4. ADJOURMENT

MOTION by Mr. Talbot; seconded by Mr. Slocum.

MOVED to adjourn the meeting at 8:10 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk

